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RUEKJCS/SECDEF WASHINGTON DC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAIIA/CIA WASHINGTON DC  
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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 000093

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STATE FOR AF/W, INR/AA, DS/IP/AF, DS/ICI/PII, DS/DSS/OSAC  
OSLO FOR HELENA SCHRADER  
DOE FOR GPERSON  
TREASURY FOR ASEVERENS, SRENENDER, DFIELDS  
COMMERCE FOR KBURRESS  
STATE PASS USTR FOR ASST USTR FLISER  
STATE PASS TRANSPORTATION FOR MARAD  
STATE PASS OPIC FOR ZHAN AND MSTUCKART  
STATE PASS TDA FOR NCABOT  
STATE PASS EXIM FOR JRICHTER  
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

E.O. 12958: DECL: 02/28/2018  
TAGS: [PGOV](#) [PREL](#) [SENV](#) [NI](#)  
SUBJECT: NIGER DELTA: CORRUPTION PERMEATES ALL

REF: LAGOS 57

Classified By: Consul General Donna Blair for reasons 1.4 (B) and (D)

11. (C) Summary: Sheriff Mulade, President of the Gbaramatu Youth Council (GYC) and assistant consultant to the Delta State Oil Producing Areas Development Commission (DESOPADEC) told us in February that DESOPADEC pays off House of Assembly members to ensure they will pass future DESOPADEC budgets, and pays militant leaders to ensure their projects do not get attacked. According to an auditor for Chevron, international oil company (IOC)-sponsored development bodies pocket development funds and profits for themselves. Corruption is so prevalent in the Niger Delta it must be used if development bodies hope to fulfill their mandates. Despite well-meaning global memorandum of understanding (GMOU) efforts by IOCs, these have proven largely unsuccessful at developing communities. End Summary.

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DESOPADEC: Play the Game to Stay in the Game  
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12. (C) Mulade told Poloff on February 26 that DESOPADEC has received very little money since its inception in early 2007. Mulade speculated DESOPADEC would be funded once the Delta State House of Assembly approves the 2008 budget.

13. (C) Mulade intimated that DESOPADEC Chairman Chief Wellington Okirika gave approximately 15-20 percent of the organization's earlier funds to Assembly members' cronies (anyone bearing the Assemblyman's letterhead). This, he argued, was necessary to ensure Assembly Members continued to support DESOPADEC in the state's annual budget. Of the remaining 80 percent given to DESOPADEC, approximately 30 would go towards "public relations" costs, which he inferred meant to commissioners, DESOPADEC consultants, and to "security" costs (payments to appease militants) to ensure

projects progressed unharmed. Therefore, only 50 percent of DESOPADEC's allocation could be spent on community development projects, he intimated. Mulade commented one must buy into this cyclical form of corruption to achieve even limited progress. Mulade also posited this type of corruption protects Assembly members from impeachment because they have compromised Okirika's reputation and he, therefore, would not dare expose them.

14. (C) Despite its current lack of funding, DESOPADEC appears to have been accepted by riverine inhabitants as responsible for developing the Niger Delta, Mulade commented. Community members are taking their grievances to DESOPADEC and, for now, understand the commission is significantly under funded.

15. (C) Tom Polo remains the most powerful militant in Delta State and much of the Niger Delta; as such he receives funds directly from the federal and state government to ensure peace, Mulade said, but he could not say which federal ministry or office was directly responsible. Mulade said there exists a "negative peace" because the region appears calm on the inter-ethnic front but there are many militant Ijaw factions tired of Tom Polo's dominance (Mulade specifically mentioned "Henry"--not Henry Okah--and Victor Ebikabowei). These individuals live in Bayelsa State and are known to be stockpiling weapons against Tom Polo, he commented. Mulade said Tom Polo is able to keep these potential competitors quiet by giving them a small portion of government payments. (Comment: Ironically, Tom Polo appears to spend Delta State oil revenue to assert dominance over militants in Bayelsa. End Comment.)

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Auditor: GMOUs Less Successful Than Billed  
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16. (C) An auditor hired by Chevron told Poloff in mid-February the company's Global Memoranda of Understanding (GMOUs) and Regional Development Councils (RDCs) (Reftel) have proven much less successful than intended. Corruption and social misunderstandings (over rights versus privileges), he said, are largely responsible for the lack of success. While RDCs look great on paper, they are poorly managed and community board members use Chevron funds for personal rather than community gain.

17. (C) For example, our contact said that while a community may accept a number of bids to build a road, the winning contractor is likely to have familial ties to the local RDC Chairman; the Itsekiri are reportedly very successful at this technique. Our contact said these projects are not always finished and are often padded to ensure everyone gets their "share." Similarly, many RDCs have created microfinance institutions, he reported, but profits are pocketed rather than reinvested to broaden an institution's lending capacity. Further, community borrowers rarely pay back loans because they believe they are entitled to the funds. He was surprised that the RDCs tried to do so little to hide corruption from the auditors.

18. (C) However, communities appear happy with the status quo because they see activity occurring. While Chevron discontinued direct development efforts (building schools, bridges, roads, etc.) in favor of GMOUs, it is still completing previously approved projects. Once Chevron finishes direct development efforts, communities will see how little they are benefiting from RDCs, our contact predicted, and may again hold Chevron responsible. (Note: Senior Chevron operational managers credit the GMOU and RDC process for the relative calm they enjoy in their oilfield near Escravos. End Note.)

19. (C) Our contact said the GMOUs are, in theory, wonderfully designed to teach RDCs and communities to identify and lobby

for their needs. The GMOU concept was so well regarded that Shell has adopted a very similar approach, but one entailing even less oversight and training (Chevron brought U.S. professors to the Niger Delta to teach RDC members how to approach development, evaluate bids, etc.) and, our contact predicted, would prove unsuccessful.

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Comment  
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¶10. (C) Our contacts' description of corruption permeating all levels of business and development has been echoed often by others. Intrinsic corruption hurdles will significantly challenge government efforts to institute due process, government accountability and transparency efforts. It is hard to imagine how individuals in government, development bodies and other institutions will be able to operate transparently in a society where corruption and "favours" has become the norm. End Comment.

¶11. (U) This cable was cleared by Embassy Abuja.  
BLAIR